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Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Proposed Revisions To Forms FR Y-14A/Q/M (OMB control number 7100-0341)

Dear Mr. Frierson:

The Institute of International Bankers (“IIB”) appreciates the opportunity to comment on the revisions proposed by the Board of Governors of the Federal Reserve System (the “Board”) to the FR Y-14 series of reports (“Capital Assessments and Stress Testing”).¹ The FR Y-14 reports play a critical role in connection with the Board’s Comprehensive Capital Analysis and Review (“CCAR”) program and the implementation of the capital stress testing required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). CCAR and the Dodd-Frank Act’s capital stress testing requirements (“DFAST”) are integral components of the broader efforts undertaken in the wake of the financial crisis to strengthen bank safety and soundness and enhance financial stability. Strong data collection and reporting systems and practices provide key supports for robust and dynamic capital planning and stress testing.

The U.S. bank holding company (“BHC”) subsidiaries of several foreign banking organizations (“FBOs”) currently are subject to FR Y-14 reporting requirements.² In addition, the Proposal contemplates that the FR Y-14 reporting panel will be expanded, effective September 30, 2014, to include those FBO BHC subsidiaries that currently rely upon Supervision and Regulation Letter SR 01-01 (Jan. 5, 2001) (“SR 01-01”), notwithstanding that,

¹ 79 Fed. Reg. 41276 (July 15, 2014) (the “Proposal”).

² FR Y-14 reporting requirements will apply to the U.S. intermediate holding companies (“IHCs”) that certain FBOs will be required to establish pursuant to the final rules adopted by the Board implementing the requirements of Section 165 of the Dodd-Frank Act (the “Final FBO 165 Rules”) (79 Fed. Reg. 17240 (March 27, 2014)).



as discussed below, due to the Collins Amendment provisions of the Dodd-Frank Act such “SR 01-01 BHCs” will not become subject to CCAR and DFAST requirements until 2016.

We have addressed this aspect of the Proposal in Part IV of our August 11, 2014 comment letter on the Board’s proposed revisions to its capital plan and stress test rules (the “Capital Plan and Stress Test Proposal”),³ and those same comments are set forth herein to ensure their inclusion in the administrative record for the Proposal.⁴

Overall, the Board’s timing and process for its proposed change to the FR Y-14 reporting panel to include SR 01-01 BHCs evidences a lack of appreciation for the resources required for FBOs to adjust to the Board’s new requirements for the U.S. operations of FBOs.

The Board’s proposed expansion of the FR Y-14 reporting panel to include SR 01-01 BHCs effective September 30, 2014 would significantly accelerate the timeframe for such BHCs to begin reporting capital planning information. We assume the Board reached a judgment that it would be helpful to begin receiving data from SR 01-01 BHCs in advance of their participation in the CCAR and DFAST process, although the Board’s reasoning or weighing of costs and benefits behind this judgment is not included in the Proposal.

While we understand the possible rationale for requesting data in advance of the formal participation of the SR 01-01 BHCs in the CCAR process, the possibility of this request was made known to the affected FBOs only through the publication of a proposed change to a reporting form (*i.e.*, the Proposal), an event that few if any FBOs monitor in practice, particularly when the reporting form was not heretofore applicable to SR 01-01 BHCs. Moreover, a mere one sentence, without further explanation, is devoted to subjecting the SR 01-01 BHCs to the reporting requirement as of September 30, 2014. The Board could have advised the affected FBOs directly of this significant event, which was not foreshadowed in the Final FBO 165 Rules, but it did not. In addition, the request for comments on the Proposal by September 15, 2014, a mere 15 days before this part of the Proposal is scheduled to be effective, suggests that the request for public comment is at best a pro forma exercise.

By accelerating the reporting requirements for SR 01-01 BHCs without warning or effective communication to the affected FBOs and BHCs, the Board has adopted an approach that is arguably inconsistent with the Dodd-Frank Act, as the provisions for application of the generally applicable capital requirements to SR 01-01 BHCs do not even become effective until July 2015.⁵ In addition, assuming adoption of the Capital Plan and Stress Test Proposal, this

³ 79 Fed. Reg. 37420 (July 1, 2014).

⁴ Regarding the other aspects of the Proposal, we agree with the views and recommendations expressed in the letter, dated August 21, 2014, submitted jointly by The Clearing House Association L.L.C. and The Risk Management Association.

⁵ See Dodd-Frank Act § 171(b)(4)(E).



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reporting requirement would precede the application of the capital plan and DFAST requirements to SR 01-01 BHCs by 15 months.⁶ Moreover, this accelerated deadline is inconsistent with the approach adopted by the Board, through notice and comment rulemaking, in the Final FBO 165 Rules, with respect to expanding the FR Y-14 reporting panel to include IHCs.⁷

We urge the Board to conform the commencement of FR Y-14 reporting requirements for SR 01-01 BHCs to the revised timing for the capital planning and stress testing cycle beginning January 2016 (assuming adoption of the Capital Plan and Stress Test Proposal), or at least to give affected FBOs the option of delaying the submission of data on FR Y-14 report forms until closer to the implementation deadline for the related regulatory requirements.⁸

We appreciate the Board's consideration of our comments on the Proposal. Please contact the undersigned if we can be of further assistance.

Sincerely,

Richard Coffman
General Counsel

⁶ See proposed 12 C.F.R. § 225.8(c)(2)(i)(A), 79 Fed. Reg. 37430, and proposed 12 C.F.R. § 252.13(b)(1)(iii), 79 Fed. Reg. 37436. We also note that proposed 12 C.F.R. § 225.8(c)(2)(i)(B), 79 Fed. Reg. 37430, reserves authority for the Board (or a Reserve Bank with concurrence by the Board) to accelerate compliance with these requirements only in the case of individual companies for which the Board “determines that the requirement is appropriate on a different date based on the company’s risk profile, scope of operation, or financial condition.” Whether such an acceleration provision would be within the authority of the Federal Reserve given the effective date of the Dodd-Frank Act provision is questionable, but we note that, even if such a standard were applicable, the Board certainly neither has made such a determination with regard to all of the SR 01-01 BHCs nor has it provided “prior notice to the company of the determination” as also required by the Capital Plan and Stress Test Proposal.

⁷ See 79 Fed. Reg. at 17304 (the trigger for commencing FR Y-14 reporting is linked to the reporting cycle that follows the IHC’s formation).

⁸ While we firmly believe that FR Y-14 reporting should not commence until after the SR 01-01 BHCs are subject to the capital rules after July 2015, at least the effective date of September 30, 2014 for SR 01-01 BHCs should be pushed back so that these BHCs can prepare for their first filing of monthly, quarterly and semi-annual FR Y-14 series forms in an orderly and efficient manner. A mere 3½ months from the proposal to the first filing of an FR Y-14M is not sufficient time to prepare for this extensive series of reports.